

**HOPKINS AREA FIRE CONTROL BOARD**

**ALLEGAN COUNTY, MICHIGAN**

**FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2005**

### Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Hopkins Area Fire Control Board	County Allegan County
Fiscal Year End March 31, 2005	Opinion Date May 10, 2006	Date Audit Report Submitted to State May 30, 2006	

We affirm that:

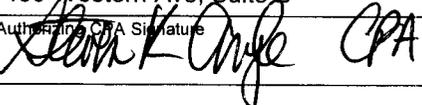
We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO **Check each applicable box below.** (See instructions for further detail.)
- All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
  - There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
  - The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
  - The local unit has adopted a budget for all required funds.
  - A public hearing on the budget was held in accordance with State statute.
  - The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
  - The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
  - The local unit only holds deposits/investments that comply with statutory requirements.
  - The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
  - There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
  - The local unit is free of repeated comments from previous years.
  - The audit opinion is UNQUALIFIED.
  - The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
  - The board or council approves all invoices prior to payment as required by charter or statute.
  - To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Angle & Steffes, P.C.		Telephone Number 269-686-9050	
Street Address 430 Western Ave, Suite B		City Allegan	State Zip MI 49010
Authorizing CPA Signature 	Printed Name Steven K. Angle, CPA	License Number 14653	

# HOPKINS AREA FIRE CONTROL BOARD

## TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	2
BASIC FINANCIAL STATEMENTS	
Government Wide Statement of Net Assets	3
Government Wide Statement of Activities	4
Governmental Fund Balance Sheet	5
Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balance	6
Notes to the Financial Statements	7 - 16
SUPPLEMENTAL INFORMATION AND ADDITIONAL	
Budgetary Comparison Schedule - General Fund	17
Budgetary Comparison Schedule - Capital Projects	18

## INDEPENDENT AUDITOR'S REPORT

May 10, 2006

To the Hopkins Area Fire Control Board  
Allegan County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hopkins Area Fire Control Board, Allegan County, Michigan as of and for the year ended March 31, 2005, which collectively comprise the Fire Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Hopkins Area Fire Control Board, Allegan County, Michigan management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Hopkins Area Fire Control Board as of March 31, 2005, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Hopkins Area Fire Control Board has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis- for State and Local Governments, as of March 31, 2003.

The management's discussion and analysis and budgetary comparison information on pages 2 and 17 through 18 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,



Angle & Steffes, P.C.

Certified Public Accountants

## **MANAGEMENT DISCUSSION & ANALYSIS**

This report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Fire Control Board as a whole and present a long-term view of the Fire Control Board's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Fire Control Board's operations in more detail than the government-wide financial statements.

### **The Fire Control Board as a Whole**

The Hopkins Fire Control Board's financial position has remained stable over the past year. The fire service charges and community contracts support the operational expenses of maintaining the fire services.

### **Current & Future Projects**

In the fire department's quest to update equipment and fire fighting apparatus, the fire chief and his staff regularly apply for grants to offset the cost. The fire department was awarded a \$38,106 grant in 2004 which was used to purchase a thermal imaging camera, air packs, turnout gear, generator, and miscellaneous equipment. This year the department has applied for a grant to purchase a new pumper/tanker to replace the 1979 model that is currently used.

Watson Township has recently built an addition to their township hall to include a fire station to be manned and equipped by the Hopkins Area Fire Board. We currently have seven fire fighters who live in Watson Township and can respond to calls in that area. Having the sub station in Watson Township has resulted in lower homeowner insurance premiums for the residents within a five mile radius of the station.

The fire department is hoping to hire four to five new firefighters in the near future. Ideally, they would like to have ten firefighters from Watson Township and fifteen from Hopkins. This would ensure adequate response at all times of the day by both stations.

Our firefighters continue to train on all areas of firefighting. They have recently finished training on ice rescue techniques and handling methamphetamine labs. The Hopkins Area Fire Board and the community are very fortunate to have this group of very dedicated individuals to service our emergencies.

### **Contacting the Fire Control Board Management**

This financial report is intended to provide our community citizens, taxpayers, customers and investors with a general overview of the Hopkins Area Fire Control Board's finances and to show the Fire Board's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Fire Control Board's Secretary/Treasurer.

**HOPKINS AREA FIRE CONTROL BOARD  
GOVERNMENT WIDE STATEMENT OF NET ASSETS  
MARCH 31, 2005**

	Primary Government	
	Governmental Activities	Total
<b>ASSETS</b>		
Cash and cash equivalents	\$ 22,785	\$ 22,785
Investments	0	0
Receivables - net	2,200	2,200
Prepays	2,426	2,426
Capital assets - net	240,343	240,343
 Total Assets	 267,754	 267,754
<b>LIABILITIES</b>		
Accounts payable	0	0
Accrued and other liabilities	2,200	2,200
Noncurrent Liabilities		
Due within one year	0	0
Due in more than one year	0	0
 Total Liabilities	 2,200	 2,200
<b>NET ASSETS</b>		
Invested in Capital Assets		
Net of related debt	240,343	240,343
Restricted For		
Public safety	25,211	25,211
 Total Net Assets	 \$ 265,554	 \$ 265,554

The Notes to Financial Statements are an integral part of this statement.

**HOPKINS AREA FIRE CONTROL BOARD  
GOVERNMENT WIDE STATEMENT OF ACTIVITIES  
YEAR ENDED MARCH 31, 2005**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government</b>							
Public safety	96,668	83,980	0	8,787	(3,901)	0	(3,901)
Total Governmental Activities	96,668	83,980	0	8,787	(3,901)	0	(3,901)
Total Primary Government	<u>\$ 96,668</u>	<u>\$ 83,980</u>	<u>\$ 0</u>	<u>\$ 8,787</u>	<u>(3,901)</u>	<u>0</u>	<u>(3,901)</u>
<b>General Revenues</b>							
Investment earnings					325	0	325
Miscellaneous					110	0	110
Transfers					0	0	0
Total General Revenues-Special Items and Transfers					435	0	435
Change in Net Assets					(3,466)	0	(3,466)
Net Assets-Beginning					269,020	0	269,020
Net Assets-Ending					<u>\$ 265,554</u>	<u>\$ 0</u>	<u>\$ 265,554</u>

The Notes to Financial Statements are an integral part of this statement.

**HOPKINS AREA FIRE CONTROL BOARD  
GOVERNMENTAL FUND BALANCE SHEET  
March 31, 2005**

	General Fund	Capital Equipment Fund	Non-Major Governmental Fund - Building	Total Governmental Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,992	\$ 19,793	\$ 0	\$ 22,785
Investments	0	0	0	0
Due from other funds	0	0	2,200	2,200
Prepays	2,426	0	0	2,426
Total Assets	<u>5,418</u>	<u>19,793</u>	<u>2,200</u>	<u>27,411</u>
<b>LIABILITIES</b>				
Accounts payable	0	0	0	0
Due to other funds	2,200	0	0	2,200
Total Liabilities	<u>2,200</u>	<u>0</u>	<u>0</u>	<u>2,200</u>
<b>FUND BALANCES</b>				
Reserved for				
Equipment purchases	0	19,793	0	19,793
Building maintenance	0	0	2,200	2,200
Unreserved	3,218	0	0	3,218
Total Fund Balances	<u>\$ 3,218</u>	<u>\$ 19,793</u>	<u>\$ 2,200</u>	<u>\$ 25,211</u>

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.

240,343

Net Assets of Governmental Activities

\$ 265,554

The Notes to Financial Statements are an integral part of this statement.

**HOPKINS AREA FIRE CONTROL BOARD  
GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
March 31, 2005**

Account Description	General Fund	Capital Projects Fund	Non-Major Governmental Funds - Building	Total Governmental Funds
<b>Revenues</b>				
Grants	8,787	0	0	8,787
Charges for services	83,980	0	0	83,980
Interest and rentals	104	221	0	325
Other revenue	110	0	0	110
<b>Total Revenues</b>	<b>92,981</b>	<b>221</b>	<b>0</b>	<b>93,202</b>
<b>Account Description</b>				
Current				
Public safety	78,603	0	0	78,603
Capital outlay	15,980	0	0	15,980
<b>Total Expenditures</b>	<b>94,583</b>	<b>0</b>	<b>0</b>	<b>94,583</b>
<b>Excess of Revenues Over (Under)</b>	<b>(1,602)</b>	<b>221</b>	<b>0</b>	<b>(1,381)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	0	0	0	0
Transfers (out)	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excess of Revenue and Other Sources Over (Under)</b>	<b>(1,602)</b>	<b>221</b>	<b>0</b>	<b>(1,381)</b>
<b>Expenditures and Other Uses</b>				
Fund Balance-April 1, 2004	4,820	19,572	2,200	26,592
Fund Balance-March 31, 2005	3,218	19,793	2,200	25,211
Account Description	\$	\$	\$	\$

The Notes to Financial Statements are an integral part of this statement.

**HOPKINS AREA FIRE CONTROL BOARD  
ALLEGAN COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Hopkins Area Fire Control Board was created pursuant to the provisions of Section 6, Act 33, Public Acts of Michigan, 1951, as amended, for the purpose of providing fire protection and related services for the Village of Hopkins and the Townships of Hopkins and Watson.

The accounting policies of the Hopkins Area Fire Control Board conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

**A. The Reporting Entity**

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", these financial statements present the Fire Control Board Activity. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**HOPKINS AREA FIRE CONTROL BOARD  
ALLEGAN COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current period. All other revenue items are considered to be available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects Fund is a Special Revenue Fund of the Fire Board. The Capital Project Fund is used to account for the proceeds of specific revenue that are legally restricted to expenditures for specified purposes.

The Building Maintenance Fund is the only non-major fund of the Fire Board. This fund is used to designate funds for repair and maintenance of the fire barn.

**HOPKINS AREA FIRE CONTROL BOARD  
ALLEGAN COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**  
(continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule would be charges between the government's enterprise funds and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. The Fire Control Board does not have enterprise funds.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

**D. Assets, Liabilities, and Net Assets or Equity**

Bank Deposits and Investments-Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables-In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade receivables are shown as net of allowance for uncollectible amounts.

**HOPKINS AREA FIRE CONTROL BOARD  
ALLEGAN COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities, and Net Assets or Equity (Continued)**

Inventories and Prepaid Items-Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets-Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	30 to 40 years
Building Improvements	15 to 30 years
Roads	10 to 30 years
Fire Equipment & Fire Trucks	07 to 25 years
Vehicles	03 to 05 years
Office Equipment	05 to 07 years
Computer Equipment	03 to 07 years

Fund Equity-In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**HOPKINS AREA FIRE CONTROL BOARD  
ALLEGAN COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005**

**NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Government-wide financial statements differ from the Governmental fund financial statements only for the effect of the inclusion of capital assets.

Capitalized Asset Costs	\$ 451,655
Less Accumulated Depreciation	<u>(211,312)</u>
Capital Assets, net	240,343
Governmental Fund Balances	<u>25,211</u>
Net Assets of Governmental Activities	<u>\$ 265,554</u>

**NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information-The Fire Control Board follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Formal budgetary integration is employed as a management control device during the year. These budgets are adopted on a basis consistent with generally accepted accounting principles.
2. The Board approves, by ordinance, total budget appropriations only. Any revisions that alter the total appropriations of any fund must be approved by the Board, therefore, the level of budgetary responsibility is by total appropriations however, for report purposes, this level has been expanded to a functional basis (Public Safety).
3. Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.
4. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year the Local Government Unit did not exceed the budget.

Fund Deficits-The Local Governmental Unit has no accumulated fund balance deficits at this time.

**HOPKINS AREA FIRE CONTROL BOARD  
ALLEGAN COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005**

**NOTE 4 - DEPOSITS AND INVESTMENTS**

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government of federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Local Governmental Unit Board has designated several banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Local Governmental Unit's deposits and investment policy are in accordance with statutory authority.

At year-end, the Local Unit's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Total Primary Government</u>
Cash and Cash Equivalents	\$ 22,785	\$ 22,785

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 22,785
Investments in Securities, Mutual Funds and Similar Vehicles	-
Petty Cash and Cash on Hand	-
Total	<u>\$ 22,785</u>

The bank balance of the primary government's deposits is \$22,785 of which \$22,785 is covered by federal depository insurance.

**HOPKINS AREA FIRE CONTROL BOARD  
ALLEGAN COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005**

**NOTE 5 - RECEIVABLES**

Receivables as of year-end for the government's individual major, nonmajor funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are reported in the Government Wide Statement of Net Assets as follows:

	Major Funds		Non-Major and Other Funds	Total
	General Fund	Capital Equip Fund		
Fire Run & Taxes receivable	\$ 0	\$ 0	\$ 0	\$ 0
Due from other funds	0	0	2,200	2,200
Less: allowance for uncollectibles	0	0	0	0
Net Receivables	\$ 0	\$ 0	\$ 2,200	\$ 2,200

**HOPKINS AREA FIRE CONTROL BOARD  
ALLEGAN COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005**

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity of the primary government for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated				
Land	\$ 0	\$ 0	\$ 0	\$ 0
Construction in Progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Capital Assets Being Depreciated				
Buildings	0	0	0	0
Improvements other than buildings	6,995	0	0	6,995
Fire Equipment	135,904	15,980	0	151,884
Vehicles	<u>292,776</u>	<u>0</u>	<u>0</u>	<u>292,776</u>
Subtotal	<u>435,675</u>	<u>15,980</u>	<u>0</u>	<u>451,655</u>
Less Accumulated Depreciation for				
Buildings	0	0	0	0
Improvements other than buildings	87	350	0	437
Fire equipment	77,472	7,204	0	84,676
Vehicles	<u>115,688</u>	<u>10,511</u>	<u>0</u>	<u>126,199</u>
Subtotal	<u>193,247</u>	<u>18,065</u>	<u>0</u>	<u>211,312</u>
Net Capital Assets Being Depreciated	<u>242,428</u>	<u>(2,085)</u>	<u>0</u>	<u>240,343</u>
Governmental Activities Capital Total				
Capital Assets-Net of Depreciation	<u>\$ 242,428</u>	<u>\$ (2,085)</u>	<u>\$ 0</u>	<u>\$ 240,343</u>

Depreciation expense was charged to programs of the primary government as follows:

<b>Governmental Activities</b>	
Public safety	<u>18,065</u>
Total Governmental Activities	<u>\$ 18,065</u>

**HOPKINS AREA FIRE CONTROL BOARD  
ALLEGAN COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005**

**NOTE 7 - INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS**

The composition of interfund balances is as follows:

<u>Due To/From Other Funds</u> <u>Receivable Fund</u>		<u>Payable Fund</u>	<u>Amount</u>
Building Maintenance Fund	\$ 2,200	General	\$ 2,200
Total	<u>\$ 2,200</u>		<u>\$ 2,200</u>

<u>Interfund Transfers</u>  <u>Transfers In</u>	<u>Transfers (Out)</u>		<u>Total</u>
	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	
Capital Equipment Fund	\$ 0	\$ 0	\$ 0
Non-Major Governmental Fund	0	0	0
Total	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**HOPKINS AREA FIRE CONTROL BOARD  
ALLEGAN COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005**

**NOTE 8 - BUILDING LEASE**

The Fire Board does lease the Fire Barn building and the immediately adjoining walk-ways, driveways, antenna and utility lines which serve the building, as well as the real estate on which these facilities rest, from Hopkins Township for the sum of \$1.00 (one dollar) per year, renewed each five (5) year period.

The real property governed by the lease is commonly identified as the Fire Barn Building, adjoining park property, and Franklin Street east of the Township/Village Hall in Hopkins, MI.

**NOTE 9 - LOCAL UNIT CONTRIBUTIONS & CONTRACT REVENUES**

The annual approved budget for operations and capital equipment reserves is supported by contributions from the member units of the Fire Board in proportion to their respective share - determined by a formula that incorporates population, risk, percentage of fire runs in a unit's area, etc.

The Fire Board also has a service contract with the Township of Monterey (not a member unit) to provide fire protection in a portion of their area. For the period of audit, the contract charges were \$12,000 annually. It was increased to \$14,000 in year 2005.

**REQUIRED SUPPLEMENTAL INFORMATION**

**HOPKINS AREA FIRE CONTROL BOARD  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED MARCH 31, 2005**

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Beginning of Year Fund Balance	16,500	2,393	4,820	2,427
Resources (Inflows)				
Grants	0	8,787	8,787	0
Charges for services	80,755	83,981	83,980	(1)
Interest and rentals	100	73	104	31
Miscellaneous revenues	0	110	110	0
Transfers from other funds	0	0	0	0
Amounts Available for Appropriation	97,355	95,344	97,801	2,457
Charges to Appropriations (Outflows)				
Public Safety				
Salaries and wages	21,125	26,512	26,511	1
Payroll taxes	1,630	2,029	2,028	1
Operating supplies	1,300	3,041	3,069	(28)
Utilities	5,650	5,301	5,299	2
Repair & maintenance/fuel	24,350	14,537	14,512	25
Training expense	9,500	11,280	11,279	1
Insurance	13,500	14,619	14,618	1
Legal and professional	1,000	0	0	0
Miscellaneous	1,100	1,287	1,287	0
Capital outlay				
Grant capital outlay	0	8,787	8,786	1
Other capital outlay	11,200	7,196	7,194	2
Transfers to other funds	7,000	0	0	0
Total Charges to Appropriations	97,355	94,589	94,583	6
Budgetary Fund Balance-March 31	<u>\$ 0</u>	<u>\$ 755</u>	<u>\$ 3,218</u>	<u>\$ 2,463</u>

**HOPKINS AREA FIRE CONTROL BOARD  
 BUDGETARY COMPARISON SCHEDULE  
 CAPITAL PROJECTS FUND  
 YEAR ENDED MARCH 31, 2005**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Beginning of Year Fund Balance	\$ 19,572	\$ 19,572	\$ 19,572	\$ 0
Resources (Inflows)				
Interest	0	0	221	221
Transfers from other funds	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Amounts Available for Appropriation	<u>24,572</u>	<u>19,572</u>	<u>19,793</u>	<u>221</u>
Charges to Appropriations (Outflows)				
Public Safety				
Transfers to General Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Charges to Appropriations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Budgetary Fund Balance-March 31	<u>\$ 24,572</u>	<u>\$ 19,572</u>	<u>\$ 19,793</u>	<u>\$ 221</u>

# ANGLE & STEFFES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF:  
American Institute of Certified  
Public Accountants (AICPA)

Michigan Association of Certified  
Public Accountants (MACPA)

430 WESTERN AVENUE, SUITE B  
ALLEGAN, MICHIGAN 49010

STEVEN K. ANGLE, CPA  
THERESA E. STEFFES, CPA, CGFM

Ph: (269) 686-9050  
Fax: (269) 686-9056  
email: mail@anglesteffes.com

Members of the Board  
Hopkins Area Fire Control Board

We have audited the books and records of the Hopkins Area Fire Control Board, as of and for the year ended March 31, 2005, and have dated our report May 10, 2006.

In conjunction with our audit, and based on inquiries of management, as well as observations, we offer the following comments and recommendations for your consideration.

### Delinquent Audit

Public Act 2 of 1968 requires that local governmental units comply with audit requirements. The Hopkins Fire Control Board is a special purpose governmental unit, legally separate from the Village of Hopkins, and the Townships of Hopkins and Watson - the members that it serves. The Fire Board must file a bi-annual audit, as already ruled by the State of Michigan. The past sequence of audits dictates that the required audit be scheduled at the close of an odd numbered fiscal year end. The audited financial statements of the unit and the Audit Procedures report must be filed with the State of Michigan within six months of this fiscal year end. Compliance with Public Act 2 is mandatory.

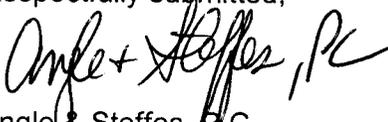
### Segregation of Duties

Currently, the treasurer is responsible for making the bank deposits and keeping the Board's accounting records. In order to maintain strong internal controls over cash receipts, we recommend another officer periodically review the bank reconciliations and transaction processing. We note that the financial statements are reviewed and approved at each Board meeting.

### Other Matters

In general the Board's books and records are in acceptable condition. All management functions are performing at an acceptable level of reliability. We greatly appreciate the complete cooperation of all the management personnel.

Respectfully submitted,



Angle & Steffes, P.C.  
Certified Public Accountants

May 10, 2006